

## **Historic, archived document**

Do not assume content reflects current scientific knowledge, policies, or practices.





United States  
Department of  
Agriculture

Office of  
Governmental  
and Public Affairs

STA/STA

# Major News Releases and Speeches

May 6 - May 13, 1983

## IN THIS ISSUE:

### Remarks—

Prepared for delivery by Assistant Secretary of Marketing and Inspection Services C.W. McMillan before the Animal Health Institute's 1983 Annual Meeting, Tucson, Ariz., May 9.

### Testimony—

Testimony by Richard E. Lyng, deputy secretary of agriculture, before the House Committee on Agriculture, Subcommittee on Cotton, Rice and Sugar, May 12.

### News Releases—

USDA Removes 12 Tobacco Auction Markets from List of Designated Markets

USDA Clarifies Wheat Offer Dates under PIK Program

USDA Asks for Comments on Peanut Loan and Purchase Rates

Oregon Firm Ordered to Comply with the Poultry Products Inspection Act

USDA Finds New Bluetongue Virus in Florida

Secretary Block Presents Food Stamp Awards

USDA Offers to Acquire 1982-Crop Upland Cotton Under Loan

USDA Asks Comment on 1983 Tobacco Price Support Proposals

Boll Weevil Eradication Scheduled for Carolinas

USDA Honors Universities for International Work

USDA Cancels May Issue of Sugar Market Statistics Report

Block Names Wolf Administrator of Human Nutrition Information Service

*IN THIS ISSUE:—Continued on next page*

***IN THIS ISSUE: —Continued***

**News Releases —**

Cranberry Growers to Vote on Continuing Marketing Order

Exhibit Highlights Agricultural Chemicals

Late Season Snows Boost Western Water Outlook

**Background —**

The Dairy Price Support Program

# Remarks

---

U.S. Department of Agriculture • Office of Governmental and Public Affairs

---

**Prepared for delivery by Assistant Secretary of Marketing and Inspection Services C.W. McMillan before the Animal Health Institute's 1983 Annual Meeting, Tucson, Ariz., May 9.**

Perhaps the last time science and federal food safety policy stood abreast was some 75 years ago, when the basic food safety laws were enacted. Then the inevitable happened: science became more advanced, policy-making more complex, and the paths of the two diverged.

Today, under those same laws, Americans enjoy the safest, most wholesome, most abundant and generally most affordable food supply in the world. Yet this would hardly be the case had food safety legislation been regarded as an instrument of permanence. It has, instead, been an anchor—lending stability and continuity to an area fraught with ambiguity.

But even the strongest anchor is limited by its reach. And today we are finding ourselves increasingly constrained by a body of law that has, in at least a few crucial areas, all but run out of rope.

This morning I'd like to discuss two possible areas of change in food safety law: revisions to the Federal Food, Drug and Cosmetic Act and the federal meat, poultry and egg inspection laws; and legislation to assure that all veterinary biological products meet acceptable standards for purity, safety, potency and efficacy. These legislative changes would, for the first time in many years, bridge the widening gap between modern science and federal food protection policy.

But first I'd like to address a longstanding problem that has recently been the focus of some new-found public concern: drug and chemical residues in the nation's meat and poultry supply. Cutting across government lines, across industry lines, across all demographic and political lines, the campaign to prevent violative residues should be a cooperative process, and not adversarial. Nonetheless, charges have been made that USDA's residue prevention program is inadequate; that our monitoring, sampling and testing efforts miss the mark.

These misrepresentations have the potential for profound effects. Not only could they compromise American confidence in the food

supply, they have already threatened the fragile relationship between the United States and at least one of its foreign trading partners, Japan. As the result of a recent New York Times article, one of Japan's largest newspapers ran a major story headlined, "U.S. Meat Terrible." I don't have to tell you how frustrating and unfair we find such developments.

You and I know that no government can guarantee a world free of risk. What we can do, however, is guarantee a food supply in which the risks, if any, are minute, and in which the American people can continue to have the utmost confidence: in the government's willingness to protect the public, and in the industry's dedication to scrupulous behavior.

I'd like to point out here that in March, the Good Housekeeping Institute released results of a nationwide survey that indicates the public has retained confidence in the food supply. Through interviews with 200 women, this respected professional polling company uncovered some important attitudes on food labeling and related consumer concerns.

In one section of the study, participants were asked to rate the success of USDA and the Food and Drug Administration in carrying out our food protection responsibilities. Regarding the degree to which we ensure the safety of food, we were found to be at least "fair" by 95 percent, and "good" or "very good" by over 76 percent. In protecting consumers from economic fraud, nearly 90 percent said we do "fair" or better, with over 50 percent rating us "good" or "very good."

Of course, when it comes to the public well-being, we in government do not carry the ball alone. The National Residue Program, in which AHI has taken a leading role, embodies a commitment we share. Through a combination of regulatory and nonregulatory initiatives, USDA has seen great success in residue prevention and control—due in large part to the equally committed efforts of the industry.

In the regulatory area, USDA uses valid, well-founded procedures to identify those residues most likely to occur in meat and poultry and those that are hazardous to humans. I'd like to point out here the important contributions AHI has made in improving method capability. It is vital that these cooperative efforts continue.

On the basis of our monitoring data—which we continually evaluate—we adjust the sampling rate for specific compounds and animal species. In this way, we can choose best how and where to allocate the resources we have available, still allowing the program to evolve and meet changing needs. It is this kind of flexibility that enabled us to expand the number of compounds that can be monitored from 46 in 1977 to approximately 60 in 1983. By the year's end, we expect to add some half dozen more.

The nonregulatory aspects of the program include exploratory surveillance efforts, which enable USDA to see where residue problems exist and whether regulatory efforts are needed. They also include the Residue Avoidance Program—a grass-roots strategy that aims to build residue prevention into every stage of food animal production.

USDA has been operating under the premise that a program that combines residue monitoring with education on prevention is the most effective way to deal with residue problems. More important, our experience has demonstrated the validity of that approach, as well as the impracticality of trying to catch each violative shipment of animals.

The statistics speak for themselves. Starting in 1977, when USDA increased monitoring sampling for sulfonamide residues in swine, the near-14 percent national violation rate began a steady, significant decline. By late 1979, at the close of an intensive educational campaign, violations nationwide dipped to 4.6 percent, where they have more or less remained ever since. I see this success story as an excellent example of cooperation between government and industry: we both educated producers; you developed granulated sulfa. It was a very effective one-two punch.

Still, with all the progress government and industry have made in controlling sulfa and other residues, we must be eternally vigilant. This is a vexing problem that won't go away without our unflagging determination to drive it away. In the absence of this commitment, we can only experience setbacks.

I don't have to remind you of the problems we had in 1980 with DES in feedlots. The problem has re-emerged, this time in New York, where USDA has confirmed its use in 93 veal calf carcasses. Although this abuse deviates dramatically from the course we've set, it has, in fact, made its mark. We must not let it happen again.

The problem of drug and chemical residues does not exist in a vacuum. In recent decades, an increasingly sophisticated food production system has spawned many serious questions about the safety of our food supply—questions we simply cannot address within the framework of current law. For example, what level of human risk is posed by a particular substance? How much risk is acceptable? How should that risk be assessed and managed? And what should be the relationship between science, economics, regulation and politics? Certainly, the original authors of food safety legislation could never have envisioned the scientific capabilities of today.

In 1981, the introduction of bills reflecting many contemporary ideas on food safety sparked a nationwide debate. And, as the debate grew more intense, resolution of the basic food safety issues seemingly grew more and more remote. To ensure sound and well-reasoned positions by the regulatory agencies charged with assuring food safety, the White House established a working group comprised of officials from USDA, the Department of Health and Human Services and the Environmental Protection Agency. I had the responsibility of chairing that group, whose task was to assist in developing an administration consensus for food safety reform.

Of course, the development of that consensus depended on teamwork, and not the efforts of just one person, one agency, or even the administration alone. The final recommended principles which the working group submitted to the White House would have little credence without the expert and critical assistance lent by consumer organizations, scientific groups and industry.

For the role you played in these efforts, I would like to take this opportunity to express my sincere appreciation to the Animal Health Institute. Your thoughtful and constructive comments throughout each stage of the process contributed greatly to our final recommendations. I might add that the White House recently accepted those recommendations, calling them a coherent and coordinated approach to food safety reform.

But while there is a consensus within the administration, we have yet to establish one to include the many, diverse groups concerned. For example, on the matter of medicated feeds, we understand the inherent difficulty of reaching common ground even among the manufacturers

and users of these substances. This complex issue simply doesn't lend itself to easy remedies. Therefore, USDA and HHS are re-thinking our positions on medicated feeds, contemplating the idea of focusing regulatory efforts where the risks are greatest.

In this and other areas of food safety reform, the coordinated positions of the two departments are not cast in stone. Further, they will not be used as the basis for any administration bills, but rather as a response to other proposed legislation and as a guide for testimony at any congressional hearings that may be scheduled.

As to the probability of expressing our views on Capitol Hill, we expect to get some signals from Congress next month. On June 8 to 10, the Senate Labor and Human Resources Committee, chaired by Senator Orrin Hatch, will hear eminent scientists discuss whether science is at a point where more judgment can be expressed in food safety than the current laws permit. On the basis of these hearings, the committee will determine its next move; we in the administration will proceed accordingly.

I would like to point out here that while the working group itself has disbanded, this has in no way terminated our willingness to consider any additional suggestions your association may have. Without your input—and the input of other affected groups and individuals representing the industry, consumers and the scientific community—a consensus for food safety reform will continue to elude this nation.

As I said earlier, our food safety laws uphold a tradition of stability and continuity in the delivery of public health protection measures. We all recognize instances where the laws have become outdated and where a dearth of flexibility has put a chokehold on progress. But we must also recognize areas where there's too much slack. I'm talking here about the lack of regulatory controls for intrastate veterinary biologics. In this area, the public simply does not receive the protection it is due.

The Virus-Serum-Toxin Act of 1913, which is administered by USDA's Animal and Plant Health Inspection Service, does not provide the needed controls. Our jurisdiction is restricted to imported products and those distributed interstate. Products produced for intrastate distribution or for export are not included. Moreover, these limitations of the VST Act have been confirmed in court cases beginning in 1915 and, most recently, in a 1980 decision by a U.S. District Court.

But in 1981, a U.S. Court of Appeals decision added credence to the beliefs that many of us in government and industry have held for quite some time: that the government needs to develop a regulatory program for unlicensed veterinary biological products. In that case, a manufacturer distributing such products intrastate sought to enjoin the Food and Drug Administration from inspecting its facilities. FDA, however, argued that it had that right because veterinary biologics are "drugs" within the meaning of the Federal Food, Drug and Cosmetic Act. The court held that FDA does indeed have jurisdiction over unlicensed veterinary biologics. To do otherwise, it reasoned, would leave those products distributed intrastate "entirely free of all federal regulation."

In an era when many argue that less regulation is often better, why add regulatory controls to the food animal industry—a sector that already shoulders more than its share of regulatory burdens? I think the answer is obvious to all of us. Let me reiterate why.

Several years ago, USDA sampled and tested 36 lots of unlicensed animal biologics from 14 producers. Tests for sterility, safety and potency were conducted, with an overall failure rate of 56 percent.

Sterility and potency were the principal causes of noncompliance. On the other hand, the failure rate for licensed products ranged from 4 to 5 percent when tested in the same laboratory. I don't have to tell you the significance of these figures.

Because neither FDA nor USDA has had authority to request notifications of adverse reactions or consumer complaints for unlicensed intrastate biologics, we can only estimate the threat posed to the nation's animal and human health from the use of these products. And while we could argue they're probably not doing any harm, we could also say they're not likely to be doing any good. There is simply no good way to evaluate these products in the marketplace.

Today there are approximately 50 licensees producing some 500 biological products. These firms pay the costs of testing and of complying with other regulations needed to maintain the high standards of quality required of USDA-licensed producers. But even with these stringent controls, mistakes do happen. In 1982, with 22 billion doses of biological products produced in licensed establishments, 782 million doses were destroyed—about three-tenths of one percent. On the other

hand, it is fair to presume that the unlicensed industry, a stranger to quality control, moves every dose into market.

Obviously, without the strict quality control measures employed by licensed manufacturers, two things would happen. First, product quality would drop—significantly. Then, even more important, it would be virtually impossible to either measure the extent of that failure or to identify those particular doses that are unacceptable.

Requirements for product quality control are not the exclusive province of the federal government. State governments also could assure that veterinary biologics are not worthless, contaminated, dangerous or harmful. Unfortunately, however, most do not.

A questionnaire was recently sent to regulatory officials in each state to determine the extent of individual state regulation of veterinary biologics. Information obtained from 30 states reveals that most do not actively regulate the manufacture or the marketing of these products. For example, only 11 of the states require manufacturer registration. Most of the 19 states that do administer laws governing veterinary biologics cover distribution only; they do not require monitoring for the safety or the effectiveness of those products. Several states require that veterinary biologics not licensed by USDA be approved by a state official prior to distribution and marketing. Only two report any tests of their approved products.

In addition, unlicensed products somehow find their way into interstate or foreign commerce. Mobile laboratories move from state to state, and products are shipped from establishments in one state only to be labeled in the states where sales are permitted.

As a result, some states have become very alarmed about specific unlicensed products or unlicensed manufacturers within their states. One has responded by issuing emergency regulations limiting marketing to USDA-licensed biologics only. The Canadian government also has expressed concern. They fear the exportation of U.S. animal biologics with unknown quality standards. The questions echoed by these parties and others are these: Have the unlicensed products been produced under quality control conditions? Have they been adequately tested for biological quality and efficacy in animals? The answer, more likely than not, is "no."

About 200 unlicensed firms manufacture veterinary biological products—purportedly intended for export or intrastate distribution. It is ironic, although certainly not surprising, that these businesses are concentrated in those states with no regulatory controls whatsoever. Consequently, the firms obtain economic advantage over licensed firms by using unacceptable facilities and methods to produce veterinary biologics at lower costs. Since it is difficult for the typical user of these products to gauge their effectiveness, producers of substandard biologics handily avoid the discipline of the marketplace.

Very little reliable data exist on the actual sales and use of unlicensed products, or the economic losses and health risks associated with their use. But based on those tests I described earlier and others, we can say with a high degree of confidence that about one-third would fail to meet current standards for licensed products. Furthermore, there's a very real danger that this unregulated industry could force licensed firms out of business or discourage the development of essential, high quality biologics.

Clearly, there's something wrong here and it needs fixing. All veterinary biological products must be brought under uniform regulation to assure the public is provided with products that are pure, safe, potent and efficacious.

Now that the federal courts have confirmed FDA's authority to regulate unlicensed veterinary biologicals, FDA, with the concurrence of USDA, plans to include these activities within the scope of its current regulatory programs. Both agencies also have agreed to exchange the information necessary to coordinate investigation and enforcement activities and avoid duplication of effort.

In addition, USDA is making important regulatory changes under the current law—changes that respond to proposals made by the Animal Health Institute. For example, we know your members want the authority to do "split manufacturing"—where two or more firms under different ownership could combine efforts to produce a finished vaccine. USDA is currently addressing this issue in a regulatory proposal that establishes proper guidelines for labeling and other responsibilities associated with this practice. To eliminate unnecessary marketing delays, we are also trying to speed up "test and release" practices. In addition, USDA is trying to draft procedures that will

provide for conditional licenses to meet special needs. In this regard, we've also been using current procedures to authorize field trials that permit sale of experimental products. This has resulted in the rapid availability of certain products sorely needed by the livestock industry.

But even with all this, is the government, in fact, going far enough? We think not. The current split of federal jurisdiction over veterinary biologics is inefficient and largely ineffective. Moreover, it tears at the confidence in the quality of this nation's veterinary biologic supply. That is why we are continuing to pursue legislation that would consolidate the responsibility for these products into one regulatory agency, with uniform standards for all manufacturers.

While the legislative proposal is still under development and is therefore subject to some alteration, I can tell you this: if enacted, it would provide the government the flexibility needed to respond to a changing industry, without any change in the intent behind the original law. Further, in light of the uniform standards set out in the proposal, it would give us the authority to take stronger action against those who do not comply.

The legislation would assure consumers that all veterinary biological products available in the United States meet uniform standards for purity, safety, potency and efficacy. This also means producers would get better products for their money, with the risks of using untested products eliminated. Because the proposal would do away with the dual standards that encourage unfair competition, firms that are presently licensed—and their customers—would have the assurance that their products remain on the market. Too, procedures would be provided to make licensed products available faster and with less red tape. All of these improvements can be made. . .if the proposal is enacted.

Unfortunately, for all the good things this legislation would accomplish, that "if" is a big one. While the licensed industry has been exceedingly forthcoming with economic and production strategies that are of benefit to all of us, we simply have not received the support needed to move this important proposal.

The bottom line is this: if we are to better regulate veterinary biologicals, there has to be give and take. We are trying to be responsive wherever possible, but we cannot compromise the quality of these important products by refusing to shoulder the authority for

seizure and condemnation. True, these are strong measures. But the fact remains they would be used against products that are out of compliance with the law, and not those in compliance, such as those consistently produced by members of the Animal Health Institute.

In these complex times, science and food safety policy may never achieve perfect compatibility. Nonetheless, it is possible to significantly improve food safety regulation by building more flexibility into the existing body of law.

Making sound, rational and workable policies in the context of today's environment is not easy, but it can be done—that is, where there's the commitment and the courage to get it done. In that regard, the Animal Health Institute is one group exemplary for its willingness to meld public policy to the shape of a changing world. We in USDA look forward to our continued association as we work in pursuit of our mutual goals.

#

# Testimony

---

U.S. Department of Agriculture • Office of Governmental and Public Affairs

---

**Testimony by Richard E. Lyng, deputy secretary of agriculture, before the House Committee on Agriculture, Subcommittee on Cotton, Rice and Sugar, May 12.**

Mr. Chairman, I welcome this opportunity to discuss U.S. rice exports to the Korean market.

This administration has worked very closely with the U.S. rice industry in an effort to further expand rice exports—which are the lifeblood of the industry. Rice exports normally account for two-thirds of all the rice produced in this country, so we are concerned by the sharp decline in our commercial rice exports this year. This occurred largely because U.S. prices have been uncompetitive.

Korea, of course, has been a very important market for U.S. rice generally, and for California rice particularly. Over the last four years, Korean imports of rice have averaged over 527,000 tons a year.

There has been, however, a problem in the movement of California rice to Korea. The stage was set for this current problem back in 1980. That year, because of cool, cloudy weather, Korea's rice crop declined to its lowest level in seven years. Faced with the need to import record quantities of rice to cover the deficit, Korea bought 600,000 tons of U.S. rice (and 100,000 tons of Australian rice) in September of that year.

In October, after inquiring as to the availability for sale of additional U.S. Calrose rice and the possibility of accelerated shipment of quantities already purchased, Korea requested access to 1 million tons of Japanese rice.

The level of Japanese rice exports was limited by a bilateral agreement between the United States and Japan. Japan, that year, was seeking to dispose of a huge rice surplus. The Korean government, as a condition of receiving an emergency exception to the annual export limits under the U.S.-Japan rice understanding, agreed in late 1980 to a three-part purchase. This called for purchases of all of the remaining exportable 1980 crop Calrose rice in California, at least 200,000 tons of 1980 crop southern rice, and 500,000 tons of 1981 crop Calrose rice.

Subsequent to the granting of the exception, Korea purchased 320,000 tons of southern rice and 340,000 tons of 1980 crop Calrose rice—fulfilling two of its three pledges.

USDA consistently has urged Korea to buy and ship the 500,000 tons of 1981 crop rice as early as possible. Contract renegotiations by U.S. exporters with Korea in early 1981 resulted in the sale of 130,000 tons of 1981 crop Calrose rice and in May of last year the remaining 370,000 tons were contracted for.

Unfortunately, and despite our best efforts, only about 250,000 tons of 1981 crop rice were shipped prior to the 1982 crop harvest. From early September 1982 until late March 1983, no rice was shipped from California to Korea. Beginning in late March, the shipment of rice to Korea resumed and approximately 110,000 tons have since been exported from California.

I am pleased to report parenthetically here that Japanese rice exports in the third year of the U.S.-Japan agreement were cut to about 330,000 tons, down sharply from the previous three year average of 745,000 tons. Further, in meetings last month, the Japanese government told us that they expect to be out of the business of subsidized rice exports within a year.

The fulfillment of the Korean pledge has been a complicated and frustrating affair. The U.S. government's position has consistently been and continues to be that Korea made a promise to the U.S. government to buy and ship 500,000 tons of 1981 crop Calrose rice and it should fulfill this pledge as soon as possible. The U.S. government views the question of from whom the Koreans buy the rice as a purely commercial matter.

It is unfortunate that the Koreans did not fulfill their commitment to purchase 1981 rice prior to the harvest of 1982 rice. Not only did this cause great congestion in California rice storage facilities, but it also leaves it unclear as to whether the rice which has recently been shipped fulfills the commitment to purchase rice from the 1981 crop. The position of the U.S. Government has been consistent: the commitment calls for rice from the 1981 crop.

Korea is a very important customer not only for U.S. rice, but for many other U.S. agricultural products. Korea was our fifth largest market last fiscal year, buying over \$1.6 billion worth of agricultural

commodities. Last year it was our second largest cotton customer, with purchases of nearly \$450 million. Korea, which buys only U.S. wheat, was our sixth largest wheat market, with our wheat shipments valued at \$310 million, and it is a sharply expanding market for U.S. soybeans, with this fiscal year expected to jump to 700,000 tons worth about \$200 million.

Mr. Chairman, we appreciate the hard work that various segments of the U.S. rice industry have invested in efforts to resolve the current problem and put our current difficulties behind us. We also recognize that many members of the U.S. Congress have worked hard on this matter—and so have we.

That concludes my statement Mr. Chairman. I will be pleased to try to respond to any questions.

#

# News Releases

---

U.S. Department of Agriculture • Office of Governmental and Public Affairs

---

## **USDA REMOVES 12 TOBACCO AUCTION MARKETS FROM LIST OF DESIGNATED MARKETS**

WASHINGTON, May 6—The U.S. Department of Agriculture has removed 12 tobacco auction markets from the list of designated markets because they are inactive or no longer use federal grading, a USDA official said today.

Lioniel Edwards, an official with USDA's Agricultural Marketing Service, said four Maryland markets are no longer designated because producers that use the markets voted not to have mandatory federal grading. They are located in Hughesville, LaPlata, Upper Marlboro and Waldorf.

Under the Tobacco Inspection Act, the secretary of agriculture may designate a tobacco auction market as an official market if two-thirds of the growers in the affected market area request designation. Tobacco sold at auction in such markets must be officially inspected, and inspection is provided by USDA's Agricultural Marketing Service.

Edwards said that eight markets in Georgia, North Carolina, South Carolina and Virginia no longer will be designated markets because they have been inactive two or more seasons. They are Martinsville, Va.; Ellerbe and Fayetteville, N.C.; Lamar, S.C. and Pearson, Quitman, Sylvester and Swainsboro, Ga.

Regulations under the Tobacco Inspection Act provide that the market designation ends automatically if a market is out of operation for two consecutive years.

Notice of this action is scheduled to be published in the May 9 Federal Register.

#

## **USDA CLARIFIES WHEAT OFFER DATES UNDER PIK PROGRAM**

WASHINGTON, May 6—Wheat producers in counties which have the first two weeks of June as entitlement dates under the payment-in-kind program have through May 19 to offer to harvest their 1983-crop wheat for PIK.

All other wheat producers have through May 27 to make such offers to the U.S. Department of Agriculture's Commodity Credit Corporation, according to Everett Rank, executive vice president of the corporation.

Rank said the May 19 deadline will facilitate delivery of wheat under the PIK program by enabling USDA to more quickly move the grain to locations where it is needed. Wheat producers will earn a designated quantity of in-kind payment for participating in PIK and complying with program provisions, he said.

Rank said that the CCC will accept offers only from farmers who have no wheat under loan or insufficient quantities of wheat under loan to satisfy their PIK needs. CCC reserves the right to accept or reject any offers. We will not accept offers from producers who assigned their PIK to warehousemen by May 1, Rank said.

#

## **USDA ASKS FOR COMMENTS ON PEANUT LOAN AND PURCHASE RATES**

WASHINGTON, May 9—The U.S. Department of Agriculture today asked for public comment on adjustments to loan and purchase rates of 1983-crop peanuts, according to Everett Rank, executive vice president of USDA's Commodity Credit Corporation.

CCC supports quota peanuts at \$550 per ton and additional peanuts at \$185 per ton. Adjustments cover differences in peanut type, quality, location and other factors, Rank said.

Details on the adjustments appear in the May 11 Federal Register. The deadline for written comments is June 10.

Send comments to the director, tobacco and peanuts division, ASCS/USDA, 5750-S, P.O. Box 2415, Washington, D.C. 20013.

Comments will be available for inspection during regular business hours in room 5750-S of USDA's South Building.

#

## **OREGON FIRM ORDERED TO COMPLY WITH THE POULTRY PRODUCTS INSPECTION ACT**

WASHINGTON, May 9—An Oregon poultry processing firm will risk being held in contempt of court if it further violates the Federal Poultry Products Inspection Act, under a court order announced today by an official of the U.S. Department of Agriculture.

The injunction was ordered in the U.S. District Court for Oregon, against Prairie Products Company, Prairie City, Ore., a poultry processor and distributor, and its president, Charles R. Wishard, according to Lou Gast, acting administrator of USDA's Food Safety and Inspection Service.

"This action was taken against Prairie Products because USDA inspectors were denied access to the company's place of business to examine the products and facilities as is required by the federal inspection law," said Gast.

The order became effective in March when the defendants failed to respond to charges brought against the company by USDA. As a result of the injunction, the firm could be held in contempt of the court order if it violates the provisions of the order.

The Poultry Products Inspection Act requires inspection of all poultry products to ensure they are wholesome, truthfully labeled and unadulterated.

#

## **USDA FINDS NEW BLUETONGUE VIRUS IN FLORIDA**

WASHINGTON, May 10—A new serotype of bluetongue virus has been found in Ona, Fla., a U.S. Department of Agriculture veterinarian said today.

John K. Atwell, deputy administrator of USDA's Animal and Plant Health Inspection Service, said this serotype of the virus, new to the United States, was found in a herd of cattle owned by the University of Florida.

Bluetongue is a disease of cattle, sheep and goats that is spread by a biting midge of the Culicoides family, he said. Of 20 bluetongue serotypes identified worldwide, four previously have been found in the United States.

"This finding in Florida is a serotype of bluetongue not previously known to exist in this country," Atwell said.

"This exotic virus was found in a sentinel herd that is tested regularly in an animal disease surveillance program. Researchers have not observed any signs of illness in this herd."

The surveillance studies are being conducted by the University of Florida as part of a cooperative effort of the university, the Florida Department of Agriculture and USDA.

Preliminary evidence of the new virus serotype was detected in blood samples sent to the Animal Virus Research Institute, Pirbright, England.

The virus was isolated from blood samples submitted from Florida to the Arthropod-borne Animal Disease Research Laboratory of USDA's Agricultural Research Service in Denver, Colo. The virus, isolated in Denver, was identified as serotype 2 at USDA's Plum Island Animal Disease Center in Greenport, N.Y.

Epidemiological studies are in progress to determine distribution of this new serotype in Florida and the mode of introduction, Atwell said.

#

## **SECRETARY BLOCK PRESENTS FOOD STAMP AWARDS**

WASHINGTON, May 10—Secretary of Agriculture John R. Block today presented awards to five state officials for innovative and cost effective projects that have reduced fraud, waste and abuse in the food stamp program in their states.

Block announced the awards during his keynote speech before the National State Welfare Commissioners meeting on food stamp

management. The meeting is part of a U.S. Department of Agriculture initiative titled "Operation Awareness," a coordinated effort of Federal, state and local governments and cooperating organizations to improve the quality of the program through detection and reduction of misexpenditures attributed to fraud, waste and abuse.

The awardees are:

- New Jersey Commissioner George Albanese for that state's exceptionally successful wage match operation and strong fraud learning system. Jerry Powell, assistant director for administrative operations, New Jersey State Department of Human Services, accepted the award for Albanese.

- Michigan Director Agnes Mary Mansour for Michigan's innovative "on-line" issuance system which accurately delivers program benefits in urban areas where benefits are often reported lost or stolen. Leland E. Hall, director of the Michigan Office of Food Programs, accepted the award for Mansour.

- Texas Commissioner Marlin Johnston for Texas' outstanding efforts in maintaining and strengthening food stamp program integrity through the use of enhanced funding for fraud investigation and prosecution activities.

- Acting South Carolina Commissioner John Crosscope for South Carolina's superior contribution and initiative in increasing recoupment of food stamp overissuances and aggressively pursuing investigations and prosecutions of food stamp fraud by the implementation of Project FAIR (Fighting Abuse through Investigations and Recoupment).

- Director of the Nevada State Department of Human Resources, Barton Jacka, for implementing a system of supervisory review in the food stamp program that has contributed to a consistently low error rate over the past three years. R. Hicks Elmore, Food and Nutrition Service regional administrator for the Western Region accepted the award for Jacka.

As part of the Operation Awareness initiative, USDA has held regional anti-fraud meetings around the country during the past two months.

"This national meeting will provide an opportunity for discussion of the federal-state partnership and will facilitate the exchange of ideas between states of different regions to improve the program, Block said.

Block noted that the federal-state effort to combat fraud in the food stamp program is showing significant results. In 1982, state reported prosecutions increased by 47 percent over 1981; total fraud hearings increased in 1982 by 28 percent; and grocer compliance investigations increased by 5.8 percent. In addition, recipient claims collected for 1982 increased by 18 percent.

To help states aggressively combat fraud and abuse, USDA issued a regulation recently that requires states to perform computer matches to verify the income of applicants and participants with social security and unemployment records. In addition, states may now establish their own standards to validate the information provided by the applicant or participant.

Individuals who intentionally make false or misleading statements, or conceal or withhold facts may now be disqualified for longer periods from the program. The penalty for the first offense is six months off the program, 12 months for the second offense and permanent disqualification for the third offense.

#

## **USDA OFFERS TO ACQUIRE 1982-CROP UPLAND COTTON UNDER LOAN**

WASHINGTON, May 11—During a period ending May 26, the U.S. Department of Agriculture is offering to acquire cotton from farmers who have pledged cotton as collateral for Commodity Credit Corporation price support loans, Secretary of Agriculture John R. Block announced today.

Block said the heavy signup for participation in the Payment-in-Kind program makes it necessary for the CCC to either acquire additional cotton from farmers or to exercise USDA's previously announced option of requiring farmers to obtain CCC loans on their 1983-crop for PIK purposes. The amount of cotton currently owned by CCC is not sufficient to fulfill all PIK obligations, Block said.

CCC will acquire the cotton for an amount which is equal to that amount which is necessary for farmers to liquidate their CCC loan obligations. Farmers with CCC-loan cotton have through the close of

business May 26 to submit offers at the county Agricultural Stabilization and Conservation Service office where the loan was obtained to sell their cotton to CCC. All zero offers will be accepted by USDA.

In addition, there may be some farmers with cotton loan collateral who will require additional compensation before selling their cotton to CCC, Block said. In these cases, farmers may submit competitive bids as to the amount of additional compensation which is required. The bids must specify the quantity of cotton which the farmer offers to sell to CCC and the number of bales which CCC must pay the farmer in-kind as additional compensation. Bids will be received by the local ASCS office beginning May 16 and ending May 26, Block said.

CCC may reject any bid that includes in-kind compensation, Block said. The factors used in determining whether any of these bids will be accepted, include the total cost to the government, the location of the cotton, the quality of the cotton and total needs, he said. If such bids are accepted, the farmer will receive the in-kind compensation immediately, Block said.

USDA's offer to purchase the cotton is open to all farmers with 1982-crop upland cotton pledged as loan collateral and will not be limited to those farmers participating in the PIK program, Block said. However, USDA will not purchase cotton which has been designated to meet PIK requirements.

CCC will not accept offers which specify a bid of more than 1 bale of payment-in-kind compensation for a 15 bale offer or a bid offer combination which would result in the offeror receiving compensation in excess of 7 percent of the total bales offered, Block said.

#

## **USDA ASKS COMMENT ON 1983 TOBACCO PRICE SUPPORT PROPOSALS**

WASHINGTON, May 10—Secretary of Agriculture John R. Block today proposed increases in 1983 federal loan levels for eligible tobacco. Block asked the public to comment on his proposal which would set support 5 to 8 percent above the 1982 levels.

The 1983 range in support levels, by kind, and comparable 1982 levels are:

Kind of Tobacco	1983 Average	1982 Average
	Support Level	Support Level
	<i>(cents per pound)</i>	
	minimum - maximum	
Flue-cured (types 11-14)	178.9-183.8	169.9
Burley (type 31)	184.4-189.4	175.1
Dark air-cured (types 35-36)	111.3-114.3	105.7
Fire-cured (type 21)	125.1-128.5	118.8
Fire-cured (types 22-23)	129.3-132.7	123.0
Puerto Rican (type 46)	95.8- 98.4	90.9
Sun-cured (type 37)	115.0-118.0	109.4
Cigar binder (types 51-52)	127.6-131.1	121.2
Cigar filler and binder (types 42-43-44 and 53-54-55)	95.3- 97.8	90.7

Legislation requires that price supports be made available for tobacco for which producers have not disapproved marketing quotas. The law requires support levels be determined by first calculating the ratio of the average index of prices paid by farmers during calendar years 1980-82 (1019) to the index average for 1959 (298). This ratio (3.42) is then multiplied by the 1959 support level for each kind of tobacco to determine the basic support level.

The difference between the basic support level in 1982 and 1983 when added to last year's average support level gives the maximum support level permitted under the law for the various kinds of tobacco. The secretary has discretionary authority to limit the increase in support levels to 65 percent of the increase calculated under the basic formula. Adding 65 percent of the increase in the basic formula to last year's support level gives the minimum support level for each kind of tobacco.

Price support programs for tobacco are administered by the USDA's Agricultural Stabilization and Conservation Service through loans to producer associations.

The deadline for receiving comments is June 9. Comments will be accepted by the director, analysis division, USDA-ASCS, room 3741-S, P.O. Box 2415, Washington, D.C. 20013. The public may inspect comments in Room 3741 of USDA's South building during regular business hours.

#

## **BOLL WEEVIL ERADICATION SCHEDULED FOR CAROLINAS**

WASHINGTON, May 11—The U.S. Department of Agriculture will cooperate in a three-year boll weevil eradication program in North and South Carolina that will confine the pest's northern range to the northern border of Georgia.

"We're delighted that Carolina cotton farmers believe in the technology and benefits of the program so much that they have undertaken 70 percent of the funding necessary to see it through," Secretary of Agriculture John R. Block told the Board of Directors of the National Cotton Council in a phone call today.

USDA's Animal and Plant Health Inspection Service will fund the remaining 30 percent.

"Those directly benefiting from the program will be paying the major cost," Block said. "The growers in these two states are to be commended as they, and others in U.S. agriculture, increasingly show the willingness to make significant financial commitments to lower their cost of production and increase their yields."

The cooperative effort will involve a number of state and federal agricultural interests, the North Carolina and South Carolina Departments of Agriculture, state universities and a foundation established in each state to receive producer funds and provide program oversight.

The eradication campaign will rely on technology developed and proven in the cooperative state-federal-industry Boll Weevil Eradication Trial conducted from 1978 to 1980 in North Carolina and Virginia. Intensified trapping and scouting, cultural controls and selective

pesticide applications were combined to reduce and finally eradicate the weevil.

"Although farmers will be paying a total of \$75 per acre over the three-year program," Block said, "they will benefit in the long run because of reduced insecticide use, reduced cost of production and some increase in cotton yields. In the trial program, beneficial insects increased dramatically in the fields, reducing pesticide requirements for other cotton pests, too and we expect that to happen again."

About 59,000 acres in North Carolina and 68,000 acres in South Carolina will be involved in the eradication effort. The effort is directed to those two states and does not represent a federal financial commitment at this time for future programs, Block said.

Trapping to determine boll weevil numbers will begin immediately throughout the area. In the fall, stalk destruction and selective pesticide applications will reduce overwintering boll weevil populations. Intensive scouting and trapping will be conducted throughout the program to check weevil numbers.

#

## **USDA HONORS UNIVERSITIES FOR INTERNATIONAL WORK**

WASHINGTON, May 11—Honors went to four universities and their representatives today for their contributions to U.S. Department of Agriculture efforts to help people in other countries.

In ceremonies at the USDA, Joan Wallace, administrator of USDA's Office of International Cooperation and Development, presented the awards to:

— Jimmy Hillman, University of Arizona, Tucson, for his work on an extensive agricultural assistance project in Portugal.

— Carl E. Snyder and Bernadette Allard, University of Georgia, Athens, for their contributions to the USDA's international training programs.

— James R. Stevenson, Southern Illinois University, Carbondale, for improving cooperation between the USDA and the universities in international programs.

— Colorado State University, Department of Agricultural and Chemical Engineering, for developing a low-cost extrusion cooker and helping developing countries use this new technology to produce food supplements to reduce hunger and malnutrition among children.

"All of the recipients have made outstanding contributions to the Department's efforts in overseas development and agricultural cooperation with other nations," said Wallace. "The university community always has played a key role in helping us design and carry out these programs."

#

## **USDA CANCELS MAY ISSUE OF SUGAR MARKET STATISTICS REPORT**

WASHINGTON, May 12—The Sugar Market Statistics report scheduled for release May 16 by the Crop Reporting Board of the U.S. Department of Agriculture's Statistical Reporting Service, will not be issued.

William E. Kibler, SRS administrator, said that a large sugar beet processor recently declined to provide information in the voluntary data collection program conducted by the Crop Reporting Board. Kibler said that USDA cannot publish accurate sugar market data without the full cooperation of the industry. However, if cooperation from the entire industry is obtained, SRS will resume publishing the report.

Sugar Market Statistics has been a quarterly series detailing current domestic production, supply, product movement, disposition and marketings.

#

## **BLOCK NAMES WOLF ADMINISTRATOR OF HUMAN NUTRITION INFORMATION SERVICE**

WASHINGTON, May 12—Secretary of Agriculture John R. Block has named Isabel D. Wolf as administrator of the U.S. Department of Agriculture's Human Nutrition Information Service.

Wolf has been serving as acting administrator of the agency since March 1; before that she was director of USDA's office of consumer advisor since March 1982.

"I am confident she will provide strong leadership and expertise to the Human Nutrition Information Service," Block said. "She has demonstrated a high degree of ability in service as consumer advisor and as acting administrator."

Wolf completed graduate studies at the University of Minnesota, St. Paul. She was an instructor, assistant professor and associate professor in the Department of Food Science and Nutrition at the University of Minnesota. She was also an extension specialist at the university.

Wolf is or has been a member of the Institute of Food Technologists, the Society for Nutritional Education, the National Nutrition Consortium, Minnesota State Nutrition Council and the American Home Economics Association.

She has written numerous articles in technical journals and has coauthored a text book. She wrote 23 University of Minnesota extension publications.

#

## **CRANBERRY GROWERS TO VOTE ON CONTINUING MARKETING ORDER**

WASHINGTON, May 13—Cranberry growers in 10 states will vote May 18-28 in a U.S. Department of Agriculture mail referendum on whether to continue the federal marketing order program for their crop.

A marketing order is a means, backed by federal law, whereby agricultural producers and handlers can work together to solve marketing problems. The cranberry marketing order program covers cranberries grown in Massachusetts, Rhode Island, Connecticut, New Jersey, Wisconsin, Michigan, Minnesota, Oregon, Washington and Long Island, N.Y.

Charles Brader, a marketing official with USDA's Agricultural Marketing Service in Washington, D.C., said the program requires a grower referendum every four years. Growers producing cranberries in

any of the 10 states during the 1982 season will be eligible to vote, he said.

Ballots and voting instructions will be mailed to all known cranberry growers in the production areas. Any eligible grower who does not receive a ballot may contact:

Jay N. Guerber, referendum agent, fruit and vegetable division, AMS, USDA, Washington, D.C. 20250;

Joseph C. Perrin, fruit and vegetable division, AMS, USDA Green/Wyatt Federal Bldg., 1220 S.W. Third Ave., Portland, Ore. 97204;

Delbert D. Rasmussen, Cranberry Marketing Committee, P.O. Box 187, Watervliet, Mich. 49098;

Walter Z. Fort, Cranberry Marketing Committee, P.O. Box 211, Pemberton, N.J. 08068;

Caroline Gilmore, Cranberry Marketing Committee, Plymouth County ASCS Office, 45 Plymouth St., North Middleboro, Mass. 02346; or

Clayton Garnett, Cranberry Marketing Committee, 2260 North Biron Dr., Wisconsin Rapids, Wisc. 54494.

#

## **EXHIBIT HIGHLIGHTS AGRICULTURAL CHEMICALS**

BELTSVILLE, Md., May 13—Classic works by early pioneers in agricultural chemistry highlight an exhibit at the U.S. Department of Agriculture's National Agricultural Library.

Called "Agricultural Chemicals: Past, Present and Future," the exhibit was developed in conjunction with the agricultural chemicals symposium scheduled for May 16-19 at the Beltsville Agricultural Research Center. It will be open to the public throughout May.

Both events focus on developing the future chemical technology for pest control and growth modification in plants and animals. The exhibit presents the story of chemistry from the days of alchemy to modern day applications in agriculture.

Classic works on display from the library's rare books collection include the 1813 and 1815 editions of Sir Humphry Davy's "Elements

of Agricultural Chemistry" and Benjamin Silliman's "Manual on the Cultivation of the Sugarcane," 2 vols, 1830-1831.

Early editions of the work of Baron Justus Von Liebig, who revolutionized teaching methods for chemistry and established the first practical chemical teaching laboratory, are displayed. Another singular item on view is the first USDA-issued scientific paper entitled "Report on the Chemical Analysis of Grapes," by Charles M. Wetherill.

Early laboratory equipment was made available by USDA's Agricultural Research Service as well as several anonymous donors.

#

## **LATE SEASON SNOWS BOOST WESTERN WATER OUTLOOK**

WASHINGTON, May 13—Water supplies should be good to excellent for most of the West this summer, according to the season's final coordinated report issued today by the U.S. Departments of Agriculture and Commerce.

Peter C. Myers, chief of USDA's Soil Conservation Service, said the potential for high water still exists in some lowland areas of California, Colorado, New Mexico, Nevada and Utah.

April brought heavy precipitation to much of the West—in excess of 150 percent of normal—particularly in California, Nevada, southern Utah and northern New Mexico.

Mountain snowpacks set record highs on 14 sites along the east slope of the Sierras.

Only in Montana and the Cascades of Oregon and Washington was snowpack reported to be below normal.

Reservoir storage remains above normal and should offset most water shortages. Nevada has been forced to release water in anticipation of high snowmelt runoff.

Myers gave this May 1 outlook by states:

Alaska—Snowpack statewide remains near normal or below normal. Streamflow is expected to be near normal.

Arizona—Snowmelt is well underway, with streamflow being augmented by much above-normal precipitation during April. Reservoir storage on the Salt River Project is 139 percent of normal.

California—Record snowpack exists in the Sierras. Flooding is a concern in some drainages, especially in the San Joaquin Basin.

Colorado—Mountain snowpack continued to increase in April, with many low and medium elevation locations reporting record levels. Expected snowmelt runoff volumes have increased significantly over April, and now are 142 percent of normal statewide.

Idaho—Streamflow forecasts range from near normal in the northern Panhandle to much above normal in the headwaters of the Owyhee River.

Montana—Snowpack conditions in Montana are the poorest in the Western U.S. where water supplies will be below normal. Reservoir storage will be needed to supplement surface runoff.

Nevada—Streamflow from the record snowpack will be at near record levels. Flooding may occur along the Truckee and Carson Rivers.

New Mexico—Snowpack is at a near record 210 percent of normal.

Oregon—Above normal precipitation in southeastern Oregon helped sustain the already much above normal snowpack. Snowpack on the west slope of the Cascades is nearly half of normal.

Utah—Flooding may occur in southern Utah. A massive new lake is forming behind a huge mud slide that occurred last month in Spanish Fork Canyon southeast of Salt Lake City.

Washington—Snowpack generally is near normal to below normal statewide. Streamflow will be near normal. Reservoir storage is above normal. Wyoming—Streamflow on the North Platte River will be excellent. Reservoir storage is above normal.

This water outlook is based on the assumption that spring weather will be near normal.

USDA's Soil Conservation Service and National Oceanic and Atmospheric Administration's National Weather Service jointly forecast streamflow at nearly 500 locations throughout the West each month from January through May.

#

# Background

---

U.S. Department of Agriculture • Office of Governmental and Public Affairs

---

## THE DAIRY PRICE SUPPORT PROGRAM

The federal dairy price support program is authorized by the Agricultural Act of 1949, as amended. The program is designed to assure an adequate domestic supply of milk for consumers by providing dairy producers an adequate level of income.

The government is required by law to buy surplus milk products at prices which are calculated to enable manufacturers to pay farmers an amount, on the average, equal to the support price. The level of price support must be sufficient to ensure an adequate supply of milk for consumers and assure a level of income so dairy producers will keep their productive capacity sufficient to meet future needs.

There is a potential instability of supply and demand in the dairy industry. If prices were not supported, there would be wide swings in milk prices. Faced by low prices, some producers would increase herd culling, thereby curtailing future productive capacity. While downward adjustments to dairy cow numbers could be achieved rapidly, rebuilding the herd would take much longer—as much as three to four years. The sharp dislocations throughout the industry which would result from rigid liquidation could mean higher prices and possible milk shortages for an extended period since the rebuilding phase is a lengthy process.

Thus, the dairy price support program provides a floor to milk prices, preventing severe drops in milk prices when supplies are plentiful.

The program performed quite well prior to 1977, when legislation required that the price of milk be supported between 75 and 90 percent of parity, adjusted annually. Then, in the Food and Agriculture Act of 1977, the minimum support price level was increased to 80 percent of parity. The legislation also mandated that semi-annual adjustments be made in the support level.

The high guaranteed level of price support mandated by law provided dairy farmers with an incentive to expand cow numbers—for the first time in 30 years—and produce more milk even though demand was not increasing. The result was huge surpluses of dairy products. Milk production is now about 10 percent above current needs.

The yearly cost of the dairy program is now over \$2 billion and will continue to grow unless something is done. The federal government and taxpayers cannot continue to absorb these enormous costs.

For fiscal year 1983, the support price is unchanged from that of the last two years and is the minimum allowed under the Omnibus Budget Reconciliation Act of 1982. Support at this level is expected to result in continued overproduction of milk, large government purchases of dairy products and excessive cost to government and taxpayers. In 1982 USDA recommended legislation that would have given the secretary of agriculture authority to set the support price at a level which would reflect economic conditions and bring milk production in line with domestic demand. This would have allowed a decrease in the support price which could be passed on to consumers.

However, the Omnibus Reconciliation Act of 1982, developed by Congress, authorized a 50-cent deduction to be put into effect on Oct. 1, 1982, if the annual government purchases of dairy products were estimated to exceed 5 billion pounds milk equivalent. A second 50-cent deduction is authorized after April 1, 1983, if the annual government purchases of dairy products are estimated to exceed 7.5 billion pounds milk equivalent, and if there is a program in place to refund the second deduction to farmers who reduce their milk production.

On March 16, Secretary of Agriculture John R. Block announced that the first 50-cent deduction would be implemented April 16. The deduction program was not supported by the administration, but is the only option provided by Congress, and it would be fiscally irresponsible to ignore a program which will save the taxpayers up to \$60 million per month. The second deduction will be delayed to give Congress time to adopt more effective legislation.

The milk price support program was designed to assure adequate supplies of pure and wholesome milk. From 1977 through 1980, high support prices acted as an incentive for farmers to increase production which resulted in large government purchases and the accumulation of excessive stocks of dairy products.

While the deduction program is not the best solution to the problems facing the dairy industry, it will reduce government costs and provide some incentive to reduce milk production.

#